FORM A

Statement Regarding the Acquisition of Control of a Commercially Domiciled Insurer

PACIFICARE LIFE AND HEALTH INSURANCE COMPANY
(the "Insurer")

BY

UNITEDHEALTH GROUP INCORPORATED
(the "Acquiring Party")

Filed with the
California Department of Insurance
45 Fremont Street, 24th Floor
San Francisco, California 94105

Filed pursuant to Insurance Code Section 1215.2 and Sections 2683, et seq., Title 10, California Administrative Code.

Dated: July 8, 2005

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The undersigned hereby states as follows:

ITEM I. Method of Acquisition

This information statement relates to the proposed acquisition of PacifiCare Life and Health Insurance Company (the "Insurer"), an insurer domiciled in the State of Indiana that is deemed to be commercially domiciled in the State of California pursuant to Section 1215.13 of the California Insurance Code. The Insurer's principal business address is P.O. Box 25032, Santa Ana, California, 92799-5032. UnitedHealth Group Incorporated (the "Acquiring Party") proposes to acquire the Insurer and its affiliates by the merger (the "Merger") of PacifiCare Health Systems, Inc. ("PacifiCare") with and into Point Acquisition LLC ("Acquisition LLC"), a newly-formed limited liability company organized under the laws of the State of Delaware and a wholly-owned subsidiary of the Acquiring Party, pursuant to the terms of the Agreement and Plan of Merger dated as of July 6, 2005 (the "Merger Agreement"), a copy of which is attached as Exhibit 1. The current organizational structure of PacifiCare and its affiliates is shown on the chart attached as Exhibit 2. As reflected in Exhibit 2, the Insurer is currently a subsidiary of PacifiCare. As a result of the Merger, the separate corporate existence of PacifiCare will cease, and Acquisition LLC will survive as a wholly-owned subsidiary of the Acquiring Party. Acquisition LLC, which will succeed to the rights and obligations of PacifiCare and which will be renamed PacifiCare Health Systems, LLC, will indirectly own all of the outstanding voting securities of the Insurer, which will become an indirect, wholly-owned subsidiary of the Acquiring Party. Alternatively, under certain circumstances set forth in the Merger Agreement, at the Acquiring Party's option, the transactions contemplated by the Merger Agreement shall be effected by merging a direct wholly-owned corporate subsidiary of the Acquiring Party with and into PacifiCare, with PacifiCare being the surviving entity. Attached as Exhibit 3 is a chart reflecting the organizational structure of the Acquiring Party and its affiliates following the Merger.

The parties' respective obligations to complete the Merger are subject to the prior satisfaction of certain conditions, including the receipt of all necessary regulatory approvals, including from the California Department of Insurance.

ITEM II. Identity and Background of the Acquiring Party.

(a) Name and Address of the Acquiring Party. The name and business address of the Acquiring Party seeking to acquire control of the Insurer are as follows:

UnitedHealth Group Incorporated
9900 Bren Road East
Minnetonka, Minnesota 55343

(b) Nature of the Acquiring Party's Business.

The Acquiring Party is a publicly traded Minnesota general business corporation (NYSE symbol: UNH), formerly known as United HealthCare Corporation. The

Health Care Services. The Health Care Services segment consists of the UnitedHealthcare, Ovations and AmeriChoice businesses. The three businesses are described in greater detail below.

UnitedHealthcare. UnitedHealthcare coordinates health and well-being services on behalf of local employers and consumers nationwide. UnitedHealthcare's products are primarily marketed to small and mid-size employers with up to 5,000 employees. As of December 31, 2004, this business served approximately 11 million individuals. UnitedHealthcare also administers the payment of customer funds to physicians and other health care providers from customer-funded bank accounts for customers that self-insure the medical costs of their employees and their dependents. UnitedHealthcare offers its products through affiliates that are usually licensed as insurance companies or as health maintenance organizations, depending upon a variety of factors, including state regulations, or as a third-party administrator for self-funded customers.

Through its Golden Rule business unit, UnitedHealthcare offers health coverage and services to individuals and families nationwide. Golden Rule currently serves over 400,000 individuals with a variety of traditional health plans, high deductible plans and short-term medical plans, health savings accounts, and an array of optional benefits, including supplemental accident and term life coverage.

Ovations. Ovations provides health and well-being services for Americans age 50 and older, addressing their unique needs for preventative and acute health care services, services dealing with chronic disease, and services responding to specialized issues relating to their overall well-being. Ovations is one of a few enterprises fully dedicated to this market segment, providing products and services in all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. Ovations offers a range of health insurance products and services to AARP members, including Medicare Supplement and hospital indemnity insurance, and expanded AARP Nurse Health Line Service to cover beneficiaries of all AARP Medicare Supplement and certain hospital indemnity products.

Ovations offers a pharmacy discount card program, with approximately 1.8 million users, providing access to retail and mail order pharmacy services, and a complimentary health and well-being catalog.

Ovations' Senior & Retiree Services division, through its affiliates, provides health care coverage for the seniors market primarily through the Medicare Advantage (formerly Medicare+Choice) program administered by the Centers for Medicare and Medicaid Services ("CMS"). In the fourth quarter of 2004, Ovations' Senior Retiree Services began offering rural Medicare Advantage Private Fee For Service coverage, servicing 169 rural counties in Iowa, Nebraska, South Dakota and Wisconsin. Under these programs, Ovations provides health insurance coverage to eligible Medicare beneficiaries in exchange for a fixed monthly premium per member from CMS that varies based on the geographic areas in which the members reside. Through these programs, Ovations was serving approximately 330,000 Medicare beneficiaries and hundreds of employer retiree groups, as of December 31, 2004.

Through its Evercare division, Ovations offers complete, individualized care planning and care benefits for aging, vulnerable and chronically ill individuals, serving approximately 70,000 persons across the nation in nursing homes, community-based settings and private homes. Ovations offers products including enhanced medical coverage to frail, elderly and chronically ill populations in both nursing homes and community settings. These services are provided primarily through nurse practitioners, physicians' assistants and physicians. The Evercare division also offers a Medicaid, long-term health care product for elderly, physically disabled and other needy individuals and a comprehensive eldercare service program providing service coordination, consultation, claim management and information resource.

AmeriChoice. AmeriChoice is a dedicated business unit which works exclusively with selected states to address the needs of their medically vulnerable populations under their Medicaid and other programs for the uninsured. AmeriChoice provides health insurance coverage to eligible Medicaid beneficiaries in exchange for a fixed monthly premium per member from the applicable state. As of December 31, 2004, AmeriChoice organized health care resources and benefits for more than 1.3 million beneficiaries of Medicaid and other government-sponsored health care programs in 13 states.

Specialized Care Services. Specialized Care Services is a portfolio of specialized health and well-being companies. Through United Behavioral Health and its affiliated companies, Specialized Care Services provides behavioral health care benefit services, employee assistance programs and psychiatric disability benefit services that reach more than 22 million individuals. Optum provides personalized health services through its care management, condition management, and longitudinal care management products, and health information assistance, support and related services designed to improve the health and well-being of the more than 24 million individuals it serves. United Resource Networks is the gateway to highly specialized critical care programs at more than 160 medical centers in the United States for approximately 46 million individuals. Dental Benefit Providers and affiliates provide dental benefit management and related services through relationships with nearly 65,000 contracted dental providers for approximately 4 million individuals. National Benefit Resources is a managing general underwriter that originates and administers medical stop loss insurance provided to employers with self-funded employee benefit plans. Spectera is Specialized Care Services' operating platform for the vision benefit market. Spectera administers vision benefits for approximately nine million individuals through employer sponsored benefit plans. Spectera provides comprehensive vision care services through its national network of more than 19,000 private doctors' offices and retail store locations. ACN Group provides benefit administration, network management and access to chiropractic, physical therapy and other complementary and alternative health care services through its network of contracted providers to approximately 19 million consumers. Through its Unimerica Workplace Benefits group and licensed insurance company, Specialized Care Services markets the sale of group life and accident insurance and complementary group insurance products to small, medium and large employer groups.

Ingenix. Ingenix operates in the field of health care information, serving multiple health care markets on a business-to-business basis. Ingenix products include databases for benchmarking and reimbursement methodology development, software to analyze and report costs and utilization of services, data management services, physician credentialing and provider directory services, HEDIS reporting, fraud and abuse detection and prevention services, and claims editing software.

(c) Organizational Chart. Attached as Exhibit 4 is a chart presenting the identities of, and interrelationships among, the Acquiring Party and all persons known to control the Acquiring Party. Such chart indicates the percentage of voting securities of each person which is owned or controlled by the Acquiring Party or by any other such person as well as the type of organization and the state or other jurisdiction of domicile of each entity specified therein. Unless otherwise indicated on such chart or in this information statement, each organization is a corporation and control is maintained by the ownership or control of voting securities. No court proceedings regarding a reorganization or liquidation are pending with respect to any entity listed on Exhibit 4.

ITEM III. Identity and Background of Individuals Associated with Acquiring Party.

(a) Directors and Executive Officers' Business Addresses. A list setting forth the names and business addresses of the current directors and executive officers of the Acquiring Party and Acquisition LLC is attached as Exhibit 5. The directors and executive officers of the Acquiring Party and Acquisition LLC will not change as a result of the Merger. To the Acquiring Party's knowledge, the Acquiring Party has no shareholders holding 10% or more of its voting securities.

(b) Present Principal Business Activity, Occupation or Employment. The present principal business activity, occupation or employment, including positions and offices held, and the name, principal business and address of any corporation or other organization in which such employment is carried on, with respect to the directors and executive officers of the Acquiring Party and Acquisition LLC named in Exhibit 5, are included in the biographical affidavits for such persons in Exhibit 6.

(c) Material Occupations, Positions, Offices or Employment. The material occupations, positions, offices or employment during the last five years, including the starting and ending dates of each and the name, principal business and address of any business corporation or other organization in which each such occupation, position, office or employment was carried on, with respect to the directors and executive officers of the Acquiring Party and Acquisition LLC named in Exhibit 5 are included in the biographical affidavits included in Exhibit 6. Except as set forth in Exhibit 6, no such occupation, position, office or employment required licensing by or registration with any federal, state or municipal governmental agency. The current status of any such licensing or registration, and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection therewith, will be stated in the biographical affidavits.

(d) Criminal Proceedings. To the best knowledge, information and belief of the Acquiring Party, no person listed in Exhibit 5 has been convicted in a criminal proceeding (excluding minor traffic violations) during the last ten years.

ITEM IV. Nature, Source and Amount of Consideration

(a) Nature, Source and Amount of Consideration. Pursuant to the Merger Agreement, upon completion of the Merger, each outstanding share of PacifiCare common stock, other than shares held by PacifiCare as treasury stock or held by a person who has not voted in favor of the Merger or consented thereto in writing and who has demanded appraisal for such shares in accordance with Delaware law, will be converted into the right to receive 1.10 shares of common stock, par value $0.01 per share, of the Acquiring Party and $21.50 in cash (hereinafter, such stock and cash are referred to collectively as the "Merger Consideration"). The exchange ratio is fixed and will not be adjusted to reflect changes in the market price of the Acquiring Party's common stock prior to the date of the Merger. Because the exchange ratio is fixed and will not be adjusted, the implied value of the Merger Consideration will fluctuate with the market price of the Acquiring Party's common stock.

The Acquiring Party expects to fund the cash portion of the Merger consideration through a combination of available cash held by the Acquiring Party (the parent holding company) and the issuance of commercial paper (unsecured, short-term promissory notes to institutional investors) by the Acquiring Party. The Acquiring Party expects to refinance the commercial paper issuance through the issuance of corporate bonds (the "Refinancing Bonds"). The timing of the issuance of the Refinancing Bonds will be dependent upon bond market conditions, but is expected to occur within twelve months of the closing of the Merger. On June 30, 2005, the Acquiring Party executed a commitment letter with two financial institutions, J.P. Morgan Securities Inc. and Citigroup Global Markets Inc., in which the institutions agreed to provide a $3 billion loan facility with a 364 day term (the "364-Day Credit Facility") to serve as backup liquidity to the proposed commercial paper issuance. The 364-Day Credit Facility will be terminated upon issuance of the Refinancing Bonds. The terms of the 364-Day Credit Facility are substantially similar to the Acquiring Party's existing revolving credit facility.

In connection with the issuance of any commercial paper or Refinancing Bonds, the Acquiring Party will not pledge its own securities or the securities of any of its insurance or HMO subsidiaries, nor will any such insurance or HMO subsidiary provide any guarantees, pledge any assets or issue debt or equity to repay any commercial paper obligations of the Acquiring Party.

(b) Criteria Used in Determining the Nature and Amount of Consideration. The Acquiring Party performed a comprehensive due diligence investigation and reviewed among other things, the financial statements, operations, and legal documents of PacifiCare and its subsidiaries. The Acquiring Party utilized widely accepted valuation techniques, including discounted cash flow and guideline company methodologies, to obtain an indication of value for determining the amount of consideration and also considered such additional factors and information as the Acquiring Party deemed relevant under the circumstances. The basis and terms of the Merger, including the Merger Consideration, resulted from arm's-length negotiations between the respective management and representatives of the Acquiring Party and PacifiCare. The respective boards of directors of the Acquiring Party and PacifiCare, after a comprehensive due diligence review and analysis under accepted valuation techniques, have approved the transactions contemplated by the Merger Agreement, determining that the Merger Agreement and related agreements are advisable and in the best interests of their respective stockholders.

ITEM V. <u>Future Plans for Insurer</u>.

(a) The Acquiring Party has no current plans or proposals to declare an extraordinary dividend or make other distributions (other than dividends in the ordinary course of business, in compliance with law), to liquidate the Insurer, to sell any of the Insurer's assets (except for investment transactions and minor asset dispositions in the ordinary course of business), to merge or consolidate the Insurer with any person or persons, or to make any other material change in any of the Insurer's business operations, management or corporate structure, in each case except as set forth below.

(b) Following consummation of the Merger, the Acquiring Party intends to closely evaluate the operations and businesses of the Insurer and its other affiliates to determine how best to optimize the value of the operations and business expertise of the Insurer. However, due to antitrust and other constraints, while the parties have had general discussions regarding integration planning, substantive discussions will not be held and a plan will not be developed until following consummation of the Merger. Any resulting action will be taken only in compliance with applicable laws.

(c) Immediately following the consummation of the transactions contemplated by the Merger Agreement, the Insurer will continue to maintain its separate corporate existence and will continue to be managed from its current headquarters. The Acquiring Party's current plans are to make no changes to the senior management or board of directors of the Insurer.

(d) The Acquiring Party has no current plans or proposals to reduce in any material respect the number of employees employed by PacifiCare and its subsidiaries in the State of California as a result of the Merger. Pursuant to Section 6.11(b) of the Merger Agreement, the Acquiring Party will provide PacifiCare employees with compensation and employee benefits that are, in the aggregate, no less favorable than, at the Acquiring Party's election from time to time, either (i) the compensation and benefits provided to PacifiCare employees immediately prior to the Merger or (ii) the compensation and benefits provided to similarly situated employees of the Acquiring Party. It is the belief of the Acquiring Party that both options provide for substantially similar benefits.

(e) As described in Item IV above, upon completion of the Merger, each outstanding share of PacifiCare common stock, other than shares held by PacifiCare as treasury stock or held by a person who has not voted in favor of the Merger or consented thereto in writing and who has demanded appraisal for such shares in accordance with Delaware law, will be converted into the right to receive the Merger Consideration. Thus, the holders of PacifiCare's common stock will become holders of the Acquiring Party's common stock and will have all the rights associated with being a shareholder of the Acquiring Party. Any PacifiCare shareholder who does not vote in favor of the Merger or consent in writing can demand appraisal for his or her shares in accordance with Delaware law.

(f) Following the consummation of the Merger, the Acquiring Party currently expects that the management agreements in effect between PacifiCare and its regulated subsidiaries will remain in effect. Since the PacifiCare employees are expected to become employees of United HealthCare Services, Inc., a wholly owned subsidiary of the Acquiring Party ("UHS"), however, the administrative responsibilities of PacifiCare under such agreements would be delegated to UHS. Additionally, subject to the receipt of all necessary regulatory approvals, the Acquiring Party proposes to cause the Insurer to enter into a tax allocation agreement with the Acquiring Party, which provides for tax allocation among most of its affiliates. Such agreement will be filed under separate cover.

ITEM VI. Voting Securities to be Acquired.

There are currently 1,500 shares of common stock, par value $2,000.00 per share, of the Insurer issued and outstanding. Upon consummation of the Merger, the Acquiring Party will indirectly own all of the outstanding voting securities of the Insurer.

The basis and terms of the Merger, including the Merger Consideration, resulted from arm's-length negotiations between the respective management and representatives of the Acquiring Party and PacifiCare. The respective boards of directors of the Acquiring Party and PacifiCare, after a comprehensive due diligence review and analysis under accepted valuation techniques, have approved the transactions contemplated by the Merger Agreement, determining that the Merger Agreement and related agreements are advisable and in the best interests of their respective stockholders.

ITEM VII. Ownership of Voting Securities.

None of the Acquiring Party, its affiliates or any person identified in Item III has any interest in any voting securities of the Insurer, or in any securities which may be converted into voting securities of the Insurer, or in the Insurer's notes, bonds and other corporate obligations.

ITEM VIII. Contracts, Agreements, or Understandings with Respect to Voting Securities of the Insurer.

Immediately following the consummation of the Merger, the Acquiring Party will indirectly own 100% of the voting securities of the Insurer. Other than the Merger Agreement, there are no contracts, arrangements or understandings with respect to any voting security issued by the Insurer in which the Acquiring Party, any affiliates of the Acquiring Party or any person listed in Item III is involved.

ITEM IX. Recent Purchases of Voting Securities.

During the past twelve (12) calendar months preceding the filing of this information statement, none of the Acquiring Party, its affiliates or any person listed in Item III has effected transactions in any securities of the Insurer.

ITEM X. Recent Recommendations to Purchase.

None of the Acquiring Party, its affiliates or any person listed in Item III, or anyone based upon interviews or at the suggestion of the Acquiring Party, its affiliates or any person listed in Item III made any recommendations to purchase any security referred to in Item IX during the twelve (12) calendar months preceding the filing of this information statement.

ITEM XI. Agreements with Broker-Dealers.

There are no contracts, understandings or agreements with broker-dealers with respect to any voting security issued by the Insurer in which the Acquiring Party, any affiliates of the Acquiring Party or any person listed in Item III is involved.

ITEM XII. Financial Statements and Exhibits.

(a)-(b) Financial Statements and Exhibits. The Audited Consolidated Financial Statements of the Acquiring Party for the fiscal years ended December 31, 2000, 2001, 2002, 2003 and 2004 are contained in the Annual Reports for the fiscal years ended December 31, 2000, 2001, 2002, 2003 and 2004, respectively, and attached as Exhibit 7.

The following is a list of the financial statements and exhibits filed with this information statement:

Exhibit 1	Agreement and Plan of Merger dated as of July 6, 2005 by and among the Acquiring Party, Acquisition LLC and PacifiCare.
Exhibit 2	Current Organizational Chart of PacifiCare and its affiliates, including the Insurer.
Exhibit 3	Organizational Chart of the Acquiring Party and its affiliates following consummation of the Merger.

Exhibit 4	Current Organizational Chart of the Acquiring Party and its affiliates.
Exhibit 5	Directors and Executive Officers of the Acquiring Party and Acquisition LLC and their Business Addresses.
Exhibit 6	Biographical Affidavits for Persons listed in Exhibit 5.
Exhibit 7	Annual Reports to Shareholders of the Acquiring Party for the fiscal years ended:

A. December 31, 2000 including auditors' report.

B. December 31, 2001 including auditors' report.

C. December 31, 2002 including auditors' report.

D. December 31, 2003 including auditors' report.

E. December 31, 2004 including auditors' report.

Exhibit 8	Form 10-Q of the Acquiring Party for the period ended March 31, 2005.

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SIGNATURE

IN WITNESS WHEREOF the person making and filing this information statement hereby incorporates herein all exhibits attached hereto and all writings referred to herein, and declares that the matters stated herein and in the attached exhibits and in the writings incorporated herein are true and correct. In witness whereof the Acquiring Party hereunto affixes its (or his) signature and seal at Minnetonka, Minnesota on this 1st day of July, 2005.

(No Corporate Seal)

UNITEDHEALTH GROUP INCORPORATED

By:
Name: David J. Lubben
Title: General Counsel and Secretary

Attest:

By: Dannett L. Smith
Name: Dannette L. Smith
Title: Assistant Secretary

VERIFICATION

I am the General Counsel and Secretary of UnitedHealth Group Incorporated and am authorized on behalf of the Acquiring Party herein to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to the matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury under California law that the foregoing is true and correct.

Executed on July 1st, 2005 at Minnetonka, Minnesota.

By:
Name: David J. Lubben
Title: General Counsel and Secretary

Subscribed and sworn to this 1st of July 2005.
Juanita B Luis
Notary Public

My commission expires on 1/31/2010

JUANITA B. LUIS
NOTARY PUBLIC-MINNESOTA
My Commission Expires Jan. 31, 2010

Undertakings to California Department of Insurance

UnitedHealth Group Incorporated ("UnitedHealth") has filed a Form A Statement Regarding the Acquisition of Control of a Commercially Domiciled Insurer (the "Form A") with respect to PacifiCare Life and Health Insurance Company ("PLHIC"), an Indiana domestic life and health insurance company. The Form A seeks the approval of the California Department of Insurance ("CDI") for the change of control of PLHIC that would occur upon the proposed merger (the "Merger") of PLHIC's ultimate parent company, PacifiCare Health Systems, Inc. ("PacifiCare") with and into an unaffiliated entity, Point Acquisition LLC ("Acquisition LLC"). Acquisition LLC is a Delaware limited liability company and is a wholly-owned subsidiary of UnitedHealth.

Upon the closing of the Merger, PacifiCare will be merged with and into Acquisition LLC, with Acquisition LLC as the surviving entity, and the separate corporate existence of PacifiCare will cease effective as of the closing of the Merger. Acquisition LLC, which will succeed to the rights and obligations of PacifiCare, will directly or indirectly own all of the outstanding voting securities of PLHIC, which will become an indirect, wholly-owned subsidiary of UnitedHealth. Alternatively, under certain circumstances set forth in the Agreement and Plan of Merger, dated July 6, 2005 ("Merger Agreement"), at UnitedHealth's option, the transactions contemplated by the Merger Agreement shall be effected by merging a direct wholly-owned corporate subsidiary of UnitedHealth with and into PacifiCare, with PacifiCare being the surviving entity. As a result, this transaction will result in a change in control of PLHIC, which will become an indirect subsidiary of UnitedHealth. The transaction will not result in any other material changes to PLHIC or have a material effect on PLHIC's operations.

PLHIC and UnitedHealth hereby provide the undertakings set forth below (the "Undertakings") to CDI in connection with the Form A. These Undertakings shall take effect immediately upon the closing of the Merger.

Undertaking l.

A. PLHIC and UnitedHealth undertake that premiums payable by PLHIC policyholders will not increase as a result of costs incurred in financing, analyzing and consummating the Merger, including attorneys' and investment bankers' fees, travel expenses and due diligence expenses ("Merger Costs"). In order to demonstrate and assure compliance with this Undertaking 1.A, which will remain in effect for the duration of these Undertakings, as defined in Undertaking 20(d), UnitedHealth's Chief Actuary, Chief Financial Officer or other senior financial officer will provide on behalf of PLHIC annual written certifications to CDI which represent that:

(1) UnitedHealth has paid for all executive change in control severance payments and retention bonus payments payable by reason of the Merger, as provided in the first paragraph of Undertaking 3 below;

(2) UnitedHealth will have on hand cash and committed borrowing facilities at the time of the closing of the Merger that are adequate to timely discharge all obligations relating to the Merger and payable to officers and directors of PacifiCare as required by the first paragraph of Undertaking 3 below; and

(3) PLHIC's dividends comply with the requirements of Undertakings 4 and 5 below.

B. PLHIC and UnitedHealth undertake that practices and methodologies as described below for (i) full-service medical indemnity/PPO, (ii) full-service self-directed health plan ("SDHP") and (iii) Medicare Supplement (individual and group) products (collectively referred to as the "Medical Products") after the Merger have not varied from PLHIC's pre-merger practices and methodologies except for variances in response to market, economic or competitive matters in the normal course of business. In order to demonstrate and assure compliance with this Undertaking 1.B, which will remain in effect for the duration of these Undertakings, as defined in Undertaking 20(d), PLHIC's Chief Actuary, Chief Financial Officer or other senior financial officer will provide on behalf of PLHIC annual written certifications (the "PLHIC Written Certifications") to CDI which represent that:

(1) PLHIC's practices and methodologies for determining premium rates for the Medical Products after the Merger have not varied from PLHIC's pre-Merger practices and methodologies except for variances implemented in response to market, economic or competitive matters in the normal course of business and described in the PLHIC Written Certifications;

(2) PLHIC's practices and methodologies for determining Medical Products and benefit designs after the Merger have not varied from PLHIC's pre-Merger practices and methodologies except for variances implemented in response to market, economic or competitive matters in the normal course of business and described in the PLHIC Written Certifications;

(3) No portion of the cost components of any rate charged related to the Merger Costs have been included in premium rates for any product administered by PLHIC;

(4) No debt rating factor relating to the indebtedness that UnitedHealth has incurred to finance UnitedHealth's cash requirements for the Merger has been included as part of such post-Merger practices and methodologies; and

(5) PLHIC's Administrative Expense Ratio, as defined in Undertaking 14 below, has not exceeded the levels referenced in Undertaking 14 without reporting to CDI, as provided in Undertaking 14 below.

C. On an annual basis, delivered with the PLHIC Written Certifications, PLHIC will provide to CDI confidential supplemental information concerning products offered by PLHIC (the "Supplemental Information") which will include:

(1) A consolidating income statement (in the same format as the annual statutory financial statements) for the following products:
   i. Full-service medical indemnity/PPO and full-service medical SDHP
   ii. Medicare Supplement (individual and group)
   iii. Subtotal of all of the Medical Products
   iv. Medicare Part D
   v. Medicare private fee-for-service ("PFFS")
   vi. Behavioral health, dental and vision specialty products
   vii. All other PLHIC products combined (with each such product specifically identified, and except that any product that exceeds 10% of consolidated premiums will be reported separately)
   viii. Total financial results as presented in the PLHIC Written Certification

(2) Key statistics for each of the Medical Products, consisting of:
   i. Membership
   ii. Member months
   iii. Medical loss ratio
   iv. Per member per month statistics for premium, health care costs, commissions and premium taxes and other general and administrative expenses

(3) A consolidating income statement (in the same format as the annual statutory financial statements) and key statistics for the Medical Products as follows:
   i. Individual
   ii. Small group (between two and 50 eligible employees)
   iii. All other groups

(4) A summary of benefit plans offered for:
   i. Full-service medical PPO and SDHP, individual
   ii. Full-service medical PPO and SDHP, small group

(5) A summary of rating practices for:
   i. Full-service medical PPO and SDHP, individual
   ii. Full-service medical PPO and SDHP, small group

CDI recognizes that PLHIC has provided concurrently with the execution of these Undertakings a report identifying the information described in this Undertaking 1.C above for the nine month period ended September 30, 2005.

D. CDI may audit or examine PLHIC and its books and records with respect to the certifications described in Undertaking 1.A and 1.B, to the extent deemed necessary or desirable at the discretion of the California Insurance Commissioner.

Undertaking 2. For the duration of these Undertakings, as set forth in Undertaking 20(d), UnitedHealth and PLHIC undertake to make good faith efforts to maintain, accomplish or achieve, as the case may be, the matters set forth in this Undertaking 2, subject to (i) substantially the same market, economic and competitive conditions that currently exist, and, (ii) for items dependent upon third party standards or methodologies (e.g., Part A.(3), (4), (5), Part B and Part C), such standards or methodologies being maintained in the same or substantially the same form, state or manner as they currently exist or, in a reasonably improved form, state or manner. References to "current" standards below refer to standards, trends, methodologies or practices current as of the execution date of these Undertakings.

A. Reporting

(1) UnitedHealth shall maintain current PacifiCare National Committee for Quality Assurance ("NCQA") accreditation in California and shall make good faith efforts to maintain PacifiCare of California's Health Plan Employer Data and Information Set ("HEDIS") and Consumer Assessment of Healthcare Providers and Systems ("CAHPS") scores at the levels achieved in the most-recent reports prior to the Merger. PacifiCare shall report the results of NCQA accreditation, HEDIS and CAHPS scores on an annual basis to CDI.

(2) UnitedHealth further shall make good-faith efforts to maintain the current trend of continual improvement in PacifiCare of California's annual HEDIS and CAHPS scores, based upon the trend established over the period 2002-2005.

(3) UnitedHealth shall commit to continue all reporting and cooperation currently provided by PacifiCare of California to the California Office of the Patient Advocate to publish its "Quality of Care Report Card."

(4) UnitedHealth shall commit to continue all reporting, cooperation, and material support now provided by PacifiCare of California to the California Cooperative Health Reporting Initiative ("CCHRI") to ensure availability of information and public reporting and shall commit to no material decrease in reporting, cooperation, or material support.

(5) UnitedHealth shall make good-faith efforts to improve PacifiCare of California's performance on all CCHRI scores.

(6) UnitedHealth shall maintain and publish "Quality Index® profiles" of physician groups and hospitals contracted with PacifiCare of California for the same purposes, from the same or comparable sources of data, in the same or similar format, and to the same recipients as published currently by PacifiCare of California. This undertaking 2.A(6)shall continue for the duration of these Undertakings, or until such earlier date as reporting is standardized among plans with not less than the scope of information in the current "Quality Index® profiles."

(7) UnitedHealth, in consultation with CDI and such others as CDI and UnitedHealth each may determine, shall make good-faith efforts to develop for PLHIC reporting of quality of care results, measured as "episodes of care."

(8) UnitedHealth shall collect and report quality data for its PacifiCare of California health care service plan products and PLHIC Medical Products in California separate from national UnitedHealth data and in conformance with applicable and industry-

accepted California standards; provided, however, that UnitedHealth shall not be restricted from including quality data from PacifiCare of California and PLHIC in national UnitedHealth data, so long as such data can also be reported separately.

(9) UnitedHealth shall maintain a single, statewide California-specific advisory committee structure accountable to UnitedHealth for leadership and oversight of quality of care and its improvement in California, including reduction of statewide documented variance in clinical practice unexplained by patient conditions. Membership of this committee shall be subject to review and comment by CDI. Activity of this committee shall be described in annual reports for the duration of these Undertakings and submitted to CDI.

(10) UnitedHealth shall maintain continuity of care for PacifiCare members in California currently managed in PacifiCare disease management programs, subject to UnitedHealth evaluation reflecting UnitedHealth national criteria for disease management programs.

B. Incentives

(1) UnitedHealth shall continue PacifiCare of California's participation in California's Pay for Performance ("P4P") program, including adoption of the current Integrated Healthcare Association ("IHA") methodology and the current level of support for IHA operations.

(2) UnitedHealth shall structure the PacifiCare of California P4P program such that eligible medical groups will receive an additional $13.76 million over four years for IHA-specific measures, based upon continued improvement in medical group performance, as described in Undertaking 18 of the DMHC Undertakings, as defined in Undertaking 15 below.

(3) UnitedHealth shall work with IHA and the Centers for Medicare and Medicaid Services ("CMS") to evaluate and, if appropriate, promote use of the IHA P4P program to Medicare products.

C. Promotion of Health Information Technology ("HIT") Infrastructure

(1) UnitedHealth shall make good-faith efforts to implement its personal health record program in California, making reasonable efforts to conform to CalRHIO standards as these may develop. CDI acknowledges that this Undertaking 2.C(1)is subject to technological, operational and systems integration developments, and the period during which this integration may occur is uncertain. UnitedHealth agrees that interoperability and consensus-based state-wide standards are desirable goals for personal health records as these are enunciated and elaborated by CalRHIO or other recognized industry coalitions for use by California health plans.

(2) UnitedHealth shall make good-faith and reasonable efforts to support development of HIT infrastructure in California as envisioned by and expected of all payers under CalRHIO, subject to the promulgation of CalRHIO standards adopted by the CalRHIO governing body and general acceptance by the industry.

D. Contracting to Support Quality Improvement

(1) UnitedHealth commits to PacifiCare of California maintaining currently capitated PacifiCare contracts with willing and capable physician groups, subject to mutual agreement on contract terms, including upon renewal.

Undertaking 3. PLHIC and UnitedHealth undertake the following:

(a) That all of the executive compensation payable by reason of the Merger, including change in control payments and UnitedHealth signing bonuses (together, "CIC Plan") will be the sole responsibility of UnitedHealth;

(b) UnitedHealth will have on hand cash and committed borrowing facilities at the time of the closing of the Merger which are adequate to timely discharge all cash obligations related to the Merger which may arise under the CIC Plan;

(c) That no amounts relating, directly or indirectly, to the CIC Plan will be the obligation of PLHIC; and

(d) That no amounts relating, directly or indirectly, to the CIC Plan, including the acceleration of equity incentives at the close of the Merger and UnitedHealth equity incentive grants, will be charged to or made the responsibility of PLHIC under any reimbursement or cost allocation arrangement.

Undertaking 4. PLHIC will not declare or pay dividends, make other distributions of cash or property, or in any other way upstream any funds or property to its corporate parents (hereinafter referred to as "Parent Company Distributions") if such actions would cause PLHIC's Total Adjusted Capital to be less than 300% of Authorized Control Level Risk-Based Capital, calculated pursuant to California Insurance Code Section 739(j)(3).

In addition, consistent with its historical practice during the period 2001 through 2004, PLHIC will make no Parent Company Distributions for the duration of these Undertakings based upon revenues from operations. This limitation does not restrict PLHIC from continuing its historical practice of declaring or paying dividends based upon royalty revenues received from affiliates for the use of intellectual property, including, without limitation, service marks and trademarks owned by PLHIC.

For purposes of Undertakings 4 and 5, "Parent Company Distributions" shall not be deemed to refer to payments made under the terms of any administrative services agreement, tax sharing agreement, or any other agreement which has been filed with and approved by CDI.

Undertaking 5. PLHIC will not make any Parent Company Distribution if such actions would result in PLHIC failing to maintain Liquid Assets (as defined) in an amount that equals or exceeds 150% of PLHIC's average monthly Total Expenses (as defined) for the last two consecutive quarters for which financial statements have been filed with CDI immediately prior to the date on which PLHIC makes the Parent Company Distribution. For purposes of this Undertaking, (1) "Liquid Assets" shall equal the total of cash and invested assets, defined as the sum of the amounts shown in PLHIC's statutory financial statement on Page 2 - Assets, column 3, lines 1, 2.1, 2.2, 5 and 8; and (2) "Total Expenses" shall be equal to the sum of the amounts shown in PLHIC's statutory financial statement, Page 5 - Cash Flow, column 1, lines 5, 6 and 7.

In each Quarterly Financial Report filed with CDI, PLHIC shall include a calculation showing the total Liquid Assets on hand at the end of the calendar quarter covered by such Quarterly Financial Report and 150% of the average monthly Total Expenses incurred as reported in such Quarterly Financial Report.

Undertaking 6. PLHIC will not take any of the following actions without CDI's prior written approval:

(a) Co-sign or guarantee any portion of any current or future loans and/or credit facilities entered into by UnitedHealth or any of UnitedHealth's affiliates;

(b) Permit any portion of loans obtained by UnitedHealth or any of its affiliates to be assumed by PLHIC; or

(c) Allow a pledge or hypothecation of PLHIC's assets or capital stock in any way in connection with any current or future loans of UnitedHealth or any of its affiliates.

Undertaking 7. In connection with each Quarterly Financial Report filed with CDI by PLHIC, PLHIC shall file with CDI a schedule that reports the estimated range of incurred-but-not-reported claim liability at the end of each such quarter and the amount of incurred-but-not-reported claim liability as set forth in the Quarterly Financial Report filed with CDI by PLHIC for such calendar quarter.

The estimated range of incurred-but-not-reported claim liability at the end of each such quarter shall be prepared by PLHIC and certified by PLHIC's or UnitedHealth's Chief Actuary, Chief Financial Officer or other senior financial officer. With respect to PLHIC's year-end financial statements, such range shall be reviewed by PLHIC's independent public accounting firm as part of the firm's audit of PLHIC's year-end financial statements.

In the event PLHIC's independent public accounting firm does not agree to provide CDI with such review with respect to PLHIC's year-end financial statements, then PLHIC shall obtain, provide and include as part of its required financial filings an estimated range reviewed by an independent actuarial firm reasonably acceptable to CDI.

PLHIC shall file the quarterly reports described in this Undertaking 7 for the Medical Products as defined in Undertaking 1.B.

Undertaking 8. PLHIC will renew and not terminate any health benefit plan for any Commercial Medical Product, as defined in subparagraph (a) below, prior to expiration of its term, except as otherwise permitted under the California Insurance Code or Title 10 of the California Code of Regulations.

(a) If PLHIC withdraws any full-service medical, commercial indemnity PPO or full-service medical, commercial indemnity SDHP product (collectively referred to as the "Commercial Medical Products ") from the market, PLHIC will provide advance notice to CDI and the policyholders covered by such Commercial Medical Product and will permit each such policyholder to select continued coverage from among PLHIC's or its affiliated CDI regulated entities' other Commercial Medical Products without regard to any health status related factor.

(b) If PLHIC ceases to write, issue, or administer new group or individual Commercial Medical Products in California, affected former policyholders of PLHIC will be provided the opportunity to elect continued coverage under the most nearly comparable health benefit plan offered by PacifiCare of California without regard to any health status related factor.

(c) Should PLHIC withdraw a Commercial Medical Product from the market or cease to write, issue, or administer new group or individual Commercial Medical Products in California, and an insured then enrolled in the withdrawn Commercial Medical Product has a pre-existing condition and still has remaining time requirements for satisfying the pre-existing condition, PLHIC will waive the remaining time requirements for the pre-existing condition exclusion if the insured enrolls in another PLHIC Commercial Medical Product or PacifiCare of California or other PLHIC CDI-regulated affiliate Commercial Medical Products within the time requirements for eligibility for such products as required by applicable law.

Undertaking 9. PLHIC will maintain its current level of efforts in offering and renewing individual and small group Medical Products following the Merger either through PLHIC or its affiliates, assuming the same market, economic, and other conditions that currently exist. Recognizing and acknowledging that CDI shall review changes in PLHIC's business and Medical Products on the same basis and applying the same standards as are applied to all other insurers under the California Insurance Code and that this Undertaking 9 shall not be construed or applied in a manner that puts PLHIC at a disadvantage with respect to its competitors in the marketplace, PLHIC advises CDI that the conditions it considers relevant under this Undertaking 9 include, but are not limited to, the reimbursement and compensation PLHIC receives, the scope and nature of services it must provide, the nature and adequacy of its provider network in any relevant service area, the structure, composition and reimbursement payable to the health care providers supporting PLHIC's provision of Medical Products and services, and the overall terms and conditions, including the applicable legislative and regulatory framework, applicable to its operations. On an annual basis, PLHIC will provide Supplemental Information (as described in Undertaking 1.C). To the extent that both membership and premium dollars have decreased by more than ten percent (10%) from the prior year for any of the individual or small group Commercial Medical Products, PLHIC shall provide a detailed discussion of the change in the Supplemental Information.

Undertaking 10. PLHIC will pay for the costs of all reviews that CDI determines are necessary to confirm compliance with these Undertakings. CDI may retain consultants or other personnel as deemed necessary by CDI to conduct these reviews.

Undertaking 11. PLHIC agrees that it shall not remove, or require, permit, or cause the removal of PLHIC's books and records (as defined in the California Insurance Code), related to PLHIC's California business, from California before obtaining the written approval of CDI. This Undertaking 11 shall not restrict PLHIC from maintaining books and records in an electronic format as long as electronic books and records are contemporaneously available in California.

Undertaking 12. After the effective date of the Merger, if PLHIC decides to amend, change, terminate or replace its administrative services agreement(s) with PacifiCare, UnitedHealth or any of their affiliates, PLHIC will file the changes with CDI and will not implement such changes until after such changes have been approved by CDI.

Undertaking 13. After the effective date of the Merger, if PLHIC decides to amend, change, terminate or replace its tax sharing agreements, PLHIC will file any changes to those tax sharing agreements with CDI and will not implement such changes until after such changes have been approved by CDI.

Undertaking 14. PLHIC represents to CDI that PLHIC anticipates that, for the duration of these Undertakings, as defined in Undertaking 20(d), it will maintain its "Administrative Expense Ratio" (as defined below), measured on a year-to-date basis, at or below: (a) for the products sold by PLHIC on or before July 1, 2005 only, at the average rate of PLHIC's Administrative Expense Ratio for the historical period beginning January 1, 2002 and ending June 30, 2005 (the "Historical Expense Ratio"); and (b) for all PLHIC products, including new products added after July 1, 2005, but excluding Medicare Part D, at a rate which represents PLHIC's annual average projected Administrative Expense Ratio in PLHIC's financial projections filed with CDI.

In the event PLHIC's Administrative Expense Ratio, as defined below, exceeds either of these thresholds during this period, then PLHIC shall, within 45 days following the applicable calendar quarter-end, report in writing to CDI the following:

(a) The amount of the excess;

(b) The reasons for the increase in costs (for example, changes in law, taxes, new products, commission structure or the overall mix of PLHIC's business; costs of new distribution channels; or increased marketing expenses);

(c) Whether the change is in any way, directly or indirectly, related to the implementation of the Merger; and

(d) Demonstrate to CDI's satisfaction that PLHIC's administrative costs are not excessive, in compliance with all requirements of the California Insurance Code.

In the event PLHIC reasonably anticipates that its Administrative Expense Ratio will exceed the Historical Expense Ratio for any such period prior to completing its quarter-end reporting, PLHIC shall provide prompt notice of such event to CDI.

For purposes of this Undertaking 14, the "Administrative Expense Ratio" shall be calculated as Commissions and Administrative Expenses divided by Net Premiums Written and Deposit-type Contracts, whereby (i) Commissions and Administrative Expenses shall be defined as the sum of the amounts shown on PLHIC's statutory financial statement on Page 4- Summary of Operations, Column 1, lines 21, 22, 23 and 24, and (ii) Net Premiums Written and Deposit-type Contracts shall be defined as the sum of the amounts shown in PLHIC's statutory financial statement on Page 4 - Summary of Operations, column 1, lines 1, 2 and 6.

For purposes of calculating PLHIC's Administrative Expense Ratio pursuant to this Undertaking 14, any extraordinary costs, defined as costs that exceed $1 million and are unique, one-time or non-recurring in nature will be excluded. Extraordinary costs include but are not limited to unique or non-recurring legal and other professional fees, legal settlements and member acquisition costs that are expensed as paid and not amortized over the full policy year's premium stream.

Undertaking 15. To demonstrate the commitment of UnitedHealth and PLHIC to the California community, UnitedHealth and PLHIC undertake the following (for purpose of clarification, the commitments set forth in this Undertaking 15 are the same as the commitments set forth in Undertaking 20 of PacifiCare of California's and UnitedHealth's undertaking to the

California Department of Managed Healthcare ("DMHC"), dated December 19, 2005 (the "DMHC Undertakings") and not in addition thereto):

(a) UnitedHealth and PLHIC and their affiliates, PacifiCare Behavioral Health of California, Inc. ("PBH"), PacifiCare Dental ("PCD") and PacifiCare of California (collectively, PLHIC, PBH, PCD and PacifiCare of California are referred to as the "PacifiCare Regulated Entities") agree to invest $200 million in California's health care infrastructure (the "Investment Commitment"). The purpose of the Investment Commitment is to provide capital to entities providing health services to currently underserved communities or populations throughout California that are in need of such capital and find access to such capital challenging for various reasons. Such investments could include investments that (i) expand and upgrade physical and technological infrastructure for safety net and low income providers throughout the State of California; (ii) strengthen access to health care resources for, and improve the health status of, low-income urban and rural underserved Californians; (iii) improve electronic health care technology; (iv) facilitate the use, application, and exchange of electronic health records; (v) support the coordinated care model; or (vi) contributions that leverage investment opportunities. The Investment Commitment may include marketable securities, provided they support California's health care infrastructure and are in compliance with the PacifiCare Regulated Entities' and UnitedHealth's investment policies and guidelines.

(1) Investments made pursuant to this Undertaking 15(a) will be consistent with financial standards required by CDI, DMHC and the National Association of Insurance Commissioners, and subject to the sound and prudent investment management policies of the PacifiCare Regulated Entities and UnitedHealth. The determinations with respect to each investment will be made considering the risk profile and rate of return of such investment, and the overall strength and investment quality of the entire investment portfolio and will not be unduly restrictive with regard to each individual investment commitment. In addition, the collective impact of the investments made pursuant to this Undertaking 15(a) must be of sufficient creditworthiness and quality so as to not result in the placing of additional capital requirements on the PacifiCare Regulated Entities or UnitedHealth by various credit rating agencies (e.g., Moody's and Standard & Poor's).

(2) In making the Investment Commitment, the PacifiCare Regulated Entities and UnitedHealth recognize that flexibility and creativity will be necessary to achieve the dual goals of prudent investment and increasing access to underserved communities, and they undertake to work closely with an advisory committee consisting of individuals with experience in community reinvestment and health care delivery for underserved communities, which committee may include representatives or designees of (i) clinics and other health care providers that serve low income or uninsured urban and rural Californians; (ii) charitable entities that support such clinics and other providers; and (iii) health information technology experts, including persons with expertise in the exchange of health information (the "Advisory Committee"). In addition, representatives of CDI, DMHC, UnitedHealth and/or the PacifiCare Regulated Entities will participate in Advisory Committee meetings and activities. The members of the Advisory Committee shall be designated from

time to time by the PacifiCare Regulated Entities and UnitedHealth in consultation with the DMHC and CDI.

(3) Within 30 days following closing of the Merger, the PacifiCare Regulated Entities and UnitedHealth will meet and consult with the California Business, Transportation, and Housing Agency, the DMHC, and the CDI to (i) discuss the appropriate type, scope and range of investments to be made in accordance with this Undertaking 15(a), including community health care services, health care infrastructure and health information technology investments; (ii) secure advice and feedback regarding the selection of independent investment advisors to the Advisory Committee which advisors are acceptable to the DMHC and CDI; (iii) discuss the composition the Advisory Committee; (iv) discuss the development of an exemption process if sufficient qualifying assets cannot be identified by the end of calendar year 2010; and (v) otherwise take actions and adopt policies, procedures and guidelines to implement the Investment Commitment.

(4) Within six months after the closing of the Merger, the Advisory Committee will be established and, promptly thereafter, the Advisory Committee, UnitedHealth and the PacifiCare Regulated Entities shall, in consultation with the investment advisors, begin formulating a plan for carrying out the Advisory Committee's responsibilities and developing appropriate guidelines, policies and procedures, subject to approval by CDI and DMHC.

(5) Expenses incurred in administering the Investment Commitment, including expenses of outside investment advisors, will be separate from the aggregate Investment Commitment amount.

(6) In further recognition of the challenges inherent in developing sufficient qualifying investments for the entire Investment Commitment, CDI and DMHC agree to consider future charitable initiatives proffered by UnitedHealth or its affiliates (in addition to the Charitable Contributions described in Undertaking 15(b)) as an offset or substitute for a portion of the Investment Commitment, upon a showing that such initiatives are new commitments that would not otherwise have been agreed to by UnitedHealth or its affiliates in the regular course of operations. Such initiatives might include but are not limited to in-kind services provided in the technology area, contributions that leverage investment opportunities, or other contributions to benefit the health care safety net or to improve health care access to underserved populations. The amount of credit toward the Investment Commitment for in-kind contributions in the technology area shall not exceed five percent of the Investment Commitment, unless a greater amount is approved by CDI and the DMHC. In addition, UnitedHealth and the PacifiCare Regulated Entities shall receive credit toward the Investment Commitment described in this Undertaking 15(a) for the full amounts committed by UnitedHealth and PacifiCare of California pursuant to Undertakings 18(b), 18(d) and 19 of the DMHC Undertakings.

(7) UnitedHealth and the PacifiCare Regulated Entities anticipate considering specific investments beginning by the fourth quarter of 2006, with the goal of having the Investment Commitment fully funded by the fifth anniversary of the closing of the

Merger. The Investment Commitment shall expire 20 years after the date of full investment of the Investment Commitment.

(8) UnitedHealth and the PacifiCare Regulated Entities will provide regular reports to the Advisory Committee and, in connection with each annual statement filed with the CDI and DMHC, will provide the DMHC and CDI with reports on progress made toward the Investment Commitment.

(b) In addition to the Investment Commitment, UnitedHealth will contribute $50 million to benefit California health care consumers (the "Charitable Commitment"). UnitedHealth agrees that the Charitable Commitment may be used for, among other things: (i) subsidies and outreach for individuals who are eligible for both Medicare and Medi-Cal ("Dual Eligibles") who are unable to pay premiums for Medicare managed care products after the start up of Medicare Part D, and subsidies and outreach to support other programs that serve low-income populations; (ii) technology improvements for safety net providers; (iii) medical education programs in underserved areas that will provide expanded access and service to traditionally underserved communities in California; (iv) population based preventive health strategies; (v) further support for Coordinated Care Initiatives, as described in Undertaking 18(c) of the DMHC Undertakings; (vi) contributions that will be used to leverage or enable investment commitments agreed to pursuant to Undertaking 15 (a) and: (vii) cash or in-kind contributions to help establish and support health care information technology initiatives designed to improve health care delivery. The amount of credit toward the Charitable Commitment for in-kind contributions in the technology area shall not exceed five percent of the Charitable Commitment, unless a greater amount of credit is approved by CDI and the DMHC.

(1) UnitedHealth will receive credit toward the Charitable Commitment for the $1.5 million in commitments contained in Undertaking 18(c) of the DMHC Undertakings.

(2) UnitedHealth further agrees to join as a participant and funder in the California Funders Strategy Project, the goal of which is to effectively coordinate funding strategies among public and private funders to best support quality improvement technology investments in California. Any funding provided by UnitedHealth to the California Funders Strategy Project shall be determined in accordance with this Undertaking 15(b) and shall count toward the Charitable Commitment.

(3) As a further credit toward the Charitable Commitment, UnitedHealth or its affiliate shall commit amounts to be agreed upon by the Department, CDI and UnitedHealth for the first six months of 2006 for the purpose of providing Medicare Advantage premium subsidization for Dual Eligibles who are eligible for Medicare Advantage premium assistance through the State of California prior to January 1, 2006. The specifics of this amount shall be provided to the CDI and the DMHC within seven days of the close of the Merger. This commitment will be fulfilled in full cooperation with the California Department of Health Services and CMS requirements.

(4) Within 90 days following the closing of the Merger, representatives from DMHC, CDI and UnitedHealth will make good-faith efforts to sign a Memorandum of Understanding ("MOU") specifying in detail the additional uses to be made of the Charitable Commitment, the amount and the timing of the expenditures for such purposes, and the provisions for oversight, auditing and reporting that will be necessary to effectuate the intent of Undertaking 15(b). None of the costs, if any, of such oversight will be paid for from the principal or interest of the Charitable Commitment.

(5) UnitedHealth further agrees that interest earned on unexpended portions of the contribution will accrue to the benefit of projects specified by the MOU. Interest will accrue at the rate of 4.25% per annum, beginning at the closing of the Merger.

(6) The DMHC and CDI acknowledge and agree that commitments made by non-profit foundations associated with either UnitedHealth or its affiliates shall count toward the Charitable Commitment, provided that such commitments (A) are made from contributions (i) to such foundations by UnitedHealth or its affiliates after the date hereof and (ii) are directed by UnitedHealth or its affiliates to be used for commitments meeting the requirements set forth in this Undertaking 15(b); and (B) such commitments would not otherwise have been agreed to in the ordinary course of such foundations' operations.

Undertaking 16. UnitedHealth reiterates its commitments set forth in DMHC Undertaking number 18.

Undertaking 17. PLHIC shall file annually during the duration of these Undertakings with CDI a report demonstrating compliance with each of the Undertakings set forth herein and, describing what it believes to be the benefits to Californians that have ensued from the Merger, including an explanation of expense savings related to PLHIC business that have resulted from the Merger. Such reports are in addition to, and do not supersede, any other reports CDI may require pursuant to the California Insurance Code.

Undertaking 18. UnitedHealth shall not, without CDI's prior written approval, enter into any new intercompany loan agreement with PLHIC whereby PLHIC will be required to fund the anticipated extinguishment of the existing $1,053,560,000 PacifiCare indebtedness for borrowed money upon or after the closing of the Merger.

Undertaking 19. For the longer of (1) the duration of these Undertakings, as defined in Undertaking 20(d), or (2) two years after the transition to UnitedHealth's legacy systems of claims payment and customer service functions, PLHIC shall maintain, with respect to the Medical Products, compliance in all material respects with the metrics set forth below (the "Metrics") and shall report to CDI, on a quarterly basis, its performance against the Metrics. In the event PLHIC fails to meet any of the standards set forth below, as measured on an annual, calendar-year basis, and such failure is not the result of an event of force majuere and is outside of a 3% tolerance threshold (as set forth below), PLHIC will work in good faith with CDI to promptly develop and implement a corrective action plan intended to rectify such failure. PLHIC will report on its progress against any such corrective plan on a quarterly basis together with its reporting against the Metrics. In addition, if, after the first two quarters of 2006, PLHIC fails for any calendar year to meet the agreed-upon standard within the tolerance threshold for Justified Complaints, as defined in California Code of Regulations, Title 10, Section 2694, and such failure is not the result of an event of force majuere, PLHIC will agree to pay to CDI a penalty equal to $315 per Justified Complaint that exceeds the tolerance threshold for the applicable year.

Metric	Standard	Tolerance Threshold
Member Related Metrics		
First call resolution rate	90%	87%
Net Claims adjustment volume	96%	93%
Provider Related Metrics		
First call resolution rate	90%	87%
Percent of appeals resolved within 15 calendar days of proper receipt	90%	87%
DOI Related Metrics		
Number of Justified Complaints received per 1,000 members	TBD[1]	TBD[1]
Claims Payment Related Metrics		
Percent of claims auto-adjudicated	50%	47%
Claims processed within 30 calendar days	95%	92%

[1] PLHIC does not have adequate experience in monitoring Justified Complaints per 1,000 members to determine an appropriate standard at the date of the execution of these Undertakings. Therefore, PLHIC and CDI will meet no later than July 30, 2006 to evaluate PLHIC's experience for the first six (6) months of 2006 and to establish by mutual agreement the standard for this category.

Undertaking 20. The Undertakings set forth herein shall be subject to the following terms and conditions:

(a) **Binding Effect.** The Undertakings set forth herein shall be binding on PLHIC and its respective successors and permitted assigns. If PLHIC fails to fulfill its obligations to CDI as provided under the Undertakings set forth herein, PLHIC stipulates and agrees that CDI shall have the authority to enforce the provisions of these Undertakings in a California court of competent jurisdiction.

(b) **Governing Law.** The Undertakings set forth herein and their validity, enforcement, and interpretation, shall for all purposes be governed by and construed in accordance with the laws of the State of California.

(c) **Invalidity.** In the event any Undertaking or any portion of any Undertaking set forth herein shall be declared invalid or unenforceable for any reason by a court of competent jurisdiction, such Undertaking or any portion of any Undertaking, to the extent declared invalid or unenforceable, shall not affect the validity or enforceability of any other Undertakings and such other Undertakings shall remain in full force and effect and shall be enforceable to the maximum extent permitted by applicable law.

(d) **Duration.** The Undertakings set forth herein shall become effective upon the effective date of the Merger, and except as to those provisions of Undertaking 19, shall remain in full force and effect for four (4) years, ending on the fourth anniversary of the closing date of the Merger, unless terminated sooner by UnitedHealth and PLHIC with the written consent of CDI. PLHIC will promptly notify CDI of the closing date of the Merger. In the event the Merger is not consummated, for any reason, these Undertakings shall have no force or effect.

(e) **Third Party Rights.** Nothing in the Undertakings set forth herein is intended to provide any person other than UnitedHealth, PLHIC and CDI and their respective successors and permitted assigns with any legal or equitable right or remedy with respect to any provision of any undertaking set forth herein.

(f) **Amendment.** The Undertakings set forth herein may be amended only by written agreement signed by UnitedHealth and PLHIC and approved or consented to in writing by CDI.

(g) **Assignment.** No undertaking set forth herein may be assigned by UnitedHealth or PLHIC in whole or part, without the prior written consent of CDI .

(h) **Entire Agreement.** These Undertakings embody the entire agreement and undertakings of the parties hereto in respect of the subject matter and supersede all prior agreements and undertakings, both written and oral, among UnitedHealth, PLHIC and CDI.

(i) **Specific Performance.** In the event of any breach of these Undertakings, UnitedHealth and PLHIC acknowledge that the State of California would be irreparably harmed and could not be made whole by monetary damages. It is accordingly agreed that UnitedHealth and PLHIC shall waive the defense in any action for specific performance that a remedy at law would be adequate, and CDI should be entitled to seek an injunction or injunctions to prevent breaches of the provisions of these Undertakings and to seek to enforce specifically the terms and provisions herein.

(j) **Effect.** UnitedHealth and PLHIC undertake to carry out the commitments and obligations set forth in these Undertakings in such a manner as will not affect adversely any other regulated affiliate of UnitedHealth and PLHIC or the policyholders or members of any such affiliate.

(k) Reports. The annual reports required by these Undertakings shall be submitted to CDI within 75 days following the end of the calendar year, with the first annual report due in 2007, based upon the 2006 calendar year. Quarterly reports shall be submitted within 60 days following the end of each calendar quarter, with the first quarterly report due 60 days following the end of the first quarter of 2006.

(l) Confidentiality of Reports. CDI agrees and acknowledges that all reports, Supplemental Information and any other information provided to CDI pursuant to these Undertakings will be given confidential treatment by CDI to the fullest extent permitted by California law, including but limited to the California Public Records Act and Sections 735.5 and 12919 of the California Insurance Code, and that CDI will provide PLHIC with appropriate prior notice of any judicial or other effort to compel CDI to disclose any such reports or any nonpublic information contained therein.

Date: December 19, 2005

Susan L. Berkel
Print Name: Susan L. Berkel
Print Title: President
PacifiCare Life and Health Insurance Company

Date: December 19, 2005

David J. Lubben
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UnitedHealth Group Incorporated